

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL 4945.04-04

W = Name
X = County names

b = Number
c dollars = Dollar Amount
d dollars = Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code section 117(b)).

Description of your request

Your letter indicates that you will operate a grant-making program geared toward students entering a trade field to help them purchase required equipment, tools, and/or materials for their educational program or to help them pay for required testing.

Your scholarship program will be advertised internally at W only. Students will work with their instructor and the on-site counselor to complete the required application.

Eligibility for the scholarship is limited to students completing their educational program at W in X. Students must be continuing their education in their chosen field (culinary,

welding, criminal justice, auto service, health sciences, heavy equipment repair, cosmetology, graphic production, construction trades, or machine tooling) .

A selection committee made up of former educators and community members will select the recipients . Members of the selection committee are selected based on their knowledge of educational requirements and their service to their community. In addition, a representative sample of members from communities in X is preferred. When replacing a selection committee member, recommendations from the particular community/school system are sought. Relatives of members of the selection committee, or members of the selection committee, relatives of your officers, directors or substantial contributors are not eligible for the scholarship.

The selection committee will select the recipients from the class of eligible students based on objective and non-discriminatory criteria such as overall academics to include high school and W grade point average, ACT scores, a letter of recommendation from their instructor, and essays written by the students.

You will award b scholarships per program field. A list of program requirements was obtained from the various institutions offering furthering education in the specific program field. Costs were totaled and divided by half to determine the scholarship amount per program. The scholarship amount will pay up to one half the costs of the required items and will range from c dollars for welding students to d dollars for Auto Service students.

Students will be required to provide the required list of equipment/tools/materials, for the educational program of study. They will also be required to provide their acceptance letter to the program prior to checks being written. Students are required to sign a form indicating they will use the funds only for the purpose intended. There are no renewals of scholarships under this program.

Scholarships will be paid to the school directly whenever possible. If not possible, students will be reimbursed after the payment is made and upon providing a receipt for the purchases. Since payment will be made to the school or to the student only after purchase of the necessary items, there are no plans to seek reimbursement from students for failing to comply with the scholarship requirements. Follow-up to insure students remain in the post-secondary program will occur through the local career tech center by the means available to them (contact with the post-secondary program).

All application information obtained from the students , the amount awarded and purpose or use of the funds including receipts or other documentation for which funds were expended and all other grantee reports will be maintained by you for a minimum of seven years post award.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.

- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You may report any significant changes to your program by completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations